



UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

In the Matter of:

**Air Bashkortostan, LTD.**  
with a last known address of:

15-BIS-001

142001, Moscow Region  
City of Domodedovo  
Centralny District  
Promyshlennaya Street, 11B  
Russian Federation

Respondent

**ORDER RELATING TO  
AIR BASHKORTOSTAN, LTD.**

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Air Bashkortostan, LTD., of Bashkortostan, Russia (“Air Bashkortostan”), that it has initiated an administrative proceeding against Air Bashkortostan pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),<sup>2</sup> through the issuance of a Charging Letter to Air Bashkortostan that alleges that Air Bashkortostan committed four violations of the Regulations. Specifically, the charges are:

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2015). The charged violations occurred in 2009. The Regulations governing the violations at issue are found in the 2009 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2009)). The 2015 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2015 (80 Fed. Reg. 48,233 (Aug. 11, 2015)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2006 & Supp. IV 2010)).

**Charges 1-4: 15 C.F.R. §764.2(a) – Engaging in Prohibited Conduct**

On four occasions between on or about January 7, 2009, and on or about March 19, 2009, Air Bashkortostan engaged in conduct prohibited by the Regulations when on each occasion it reexported a Boeing 757 aircraft from Russia to Iran without the required U.S. Government authorization. These four U.S.-origin aircraft were subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 9A991.b, and controlled for anti-terrorism reasons pursuant to Sections 742.8 and 746.7 of the Regulations. The transactions were valued at a total of \$4.5 million.

The aircraft were reexported pursuant to lease agreements between Air Bashkortostan and Eram Air, an airline based in Iran, and were operated on flights into and out of Iran, a Country Group E:1 destination under the Regulations.<sup>3</sup> During the period of the leases, the maintenance of the aircraft was performed in Iran.

At all times pertinent hereto, Sections 742.8 and 746.7 of the Regulations imposed a BIS license requirement for the reexport of these aircraft from any foreign country, including Russia, to Iran. In order to avoid duplication, reexporters were not required under the Regulations to seek authorization from both BIS and the Treasury Department’s Office of Foreign Assets Control (“OFAC”) for exports and reexports subject to both the Regulations and the Iranian Transactions Regulations (“ITR”) administered by OFAC.<sup>4</sup> Accordingly, an authorization granted by OFAC would have been considered authorization for purposes of the EAR as well. However, Air Bashkortostan did not seek or obtain authorization from BIS, or from OFAC, in connection with any of the transactions at issue.

In engaging in the activity alleged above, Air Bashkortostan committed four violations of Section 764.2(a) of the Regulations.

WHEREAS, BIS and Air Bashkortostan have entered into a Settlement Agreement pursuant to Section 766.18(b) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

---

<sup>3</sup> See Supplement No. 1 to 15 C.F.R. Part 740 (2009).

<sup>4</sup> 31 C.F.R. Part 560 (2009). By Federal Register notice dated October 22, 2012, the Department of the Treasury’s Office of Foreign Assets Control renamed the ITR as the Iranian Transactions and Sanctions Regulations and reissued the set of regulations in its entirety. 77 Fed. Reg. 64,664 (Oct. 22, 2012).

FIRST, Air Bashkortostan shall be assessed a civil penalty in the amount of \$350,000, all of which shall be suspended for a period of one year from the date of this Order, and thereafter shall be waived, provided that during this one-year probationary period, Air Bashkortostan has committed no violation of the Act, or any regulation, order, license, or authorization issued thereunder. If Air Bashkortostan commits a violation of the Act or any regulation, order, license, or authorization issued thereunder, during the probationary period under this Order, the suspension of the civil penalty may be modified or revoked by BIS and the \$350,000 made due and owing immediately.

SECOND, that for a period of one (1) year from the date of this Order, Air Bashkortostan LTD., with a last known address of 142001, Moscow Region, City of Domodedovo, Centralny District, Promyshlennaya Street, 11B, Russian Federation, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents, (hereinafter collectively referred to as “Denied Person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving

any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

THIRD, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied

Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

FOURTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

FIFTH, Air Bashkortostan shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Charging Letter or the Order. The foregoing does not affect Air Bashkortostan's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

SIXTH, that the Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

SEVENTH, that this Order shall be served on Air Bashkortostan, and shall be published in the *Federal Register*.

This Order, which constitutes the final agency action in this matter, is effective immediately.<sup>5</sup>

---

Richard R. Majauskas  
Deputy Assistant Secretary of Commerce  
for Export Enforcement

Issued this 28 day of August, 2015.

[FR Doc. 2015-21978 Filed: 9/3/2015 08:45 am; Publication Date: 9/4/2015]

---

<sup>5</sup> Review and consideration of this matter have been delegated to the Deputy Assistant Secretary of Commerce for Export Enforcement.